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FORM H.

(See section 277.)

Information to be supplied in or in addition to the information contained in the Balance-Sheet of a company referred to in Part X.

LIABILITIES.

1. Summary of Authorised Share Capital and issued Share Capital.

2. Redeemable Preference Shares, stating date on or before which the shares are or are liable to be redeemed.

3. Debentures stating the nature of Security.

4. Redeemed debentures which the Company has power to re-issue.

5. Loans (*a*) secured, stating the nature of the security;
(*b*) unsecured.

6. Loans from Banks—
(*a*) Secured, stating nature of security,
(*b*) Unsecured.

7. Profit and Loss Account, showing (unless disclosed in a separate account)—
Balance as per previous Balance-Sheet.
Appropriation thereof.
Profit since last Balance-Sheet.

8. Contingent Liabilities.

9. Arrears of Cumulative Preference Dividend.

ASSETS.

1. Fixed Assets, with sufficient particulars to disclose their general nature, and stating how their values are arrived at.

2. Preliminary expenses, so far as not written off.

3. Any expenses incurred in connection with any issue of Share Capital or Debentures, so far as not written off.

4. If it is shown as a separate item in or is otherwise ascertainable from the books of the Company, or from any contract for the sale or purchase of any property to be acquired by the Company, or from any documents in the possession of the Company relating to the stamp duty payable in respect of any such contract or the conveyance of any such property the amount of the goodwill and of any patents and trade markes as so shown or ascertained.

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5. Interest paid on Capital, so far as not written off, showing the Share Capital on which and the rate at which interest has been paid out of Capital during the period to which the accounts relate.

6. Discount allowed on Shares issued, so far as not written off.

7. Commission paid or allowed in respect of any shares or debentures, so far as not written off.

8. Loans outstanding to enable employees or trustees on their behalf to purchase shares in the Company.

9. Particulars showing—

(*a*) the amount of any loans which during the period to which the accounts relate have been made either by the Company or by any other person under a guarantee from or on a security provided by the Company to any director or officer of the Company, including any such loans which were repaid during the said period ;

and

(*b*) the amount of any loans made in manner aforesaid to any director or officer at any time before the period aforesaid and outstanding at the expiration thereof ;

and

(*c*) the total of the amount paid to the directors as remuneration for their services, inclusive of all fees, percentages, or other emoluments, paid to or receivable by them by or from the Company or by or from any subsidiary Company.

Note (1)—There shall not be required to be shown—

(*a*) in the case of a company the ordinary business of which includes the lending of money, loans made by the Company in the ordinary course of its business ;

or

(*b*) loans made by the Company to any employee of the Company if the loan does not exceed twenty thousand rupees and is certified by the directors of the Company to have been made in accordance with any practice adopted or about to be adopted by the Company with respect to loans to its employees.

Note (2)—The foregoing shall not apply in relation to a Managing Director of the Company, and in the case of any other director who holds any salaried employment or office in the Company there shall not be required to be included in the said total amount any sums paid to him except sums paid by way of directors' fees.

(Where a company is a holding company then the Balance-Sheet shall disclose the particulars required by section 132 A.)

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THE FOURTH SCHEDULE.

(*See section 290.*)

ENACTMENTS REPEALED.

1	2	3	4
Year	No.	Subject or short title	Extent of repeal
1895	III	The Mysore Companies Regulation, 1895.	So much as has not been repealed.
1917	VIII	The Mysore Companies Regulation, 1917.	So much as has not been repealed.
1923	XVI	The Mysore Companies Amendment Regulation, 1923.	The whole

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Statement of Objects and Reasons.

The Mysore Companies Regulation VIII of 1917 was framed on the model of the Indian Companies Act VII of 1913, as amended by Act XI of 1914. Subsequent amending Acts were passed in British India, from time to time, the last and the most important being the Act XXII of 1936. The principal aim of this Act is to prevent the growth and continuance of companies with insufficient capital and companies guilty of fraudulent trading and to introduce reforms in the system of managing agency which is a feature peculiar to India. It also introduces certain other changes calculated to enable shareholders to have far greater knowledge and far more effective control of the affairs of the companies than they now possess, consistent with the healthy growth and development of joint-stock concerns. It has been found necessary to amend the law in Mysore on similar lines and bring it into conformity with that in British India.

The principal changes proposed are the following.—With a view to discouraging the flotation of companies without adequate capital, it is provided in clause 101 that the minimum subscription on which depends the certificate of commencement of business shall be fixed so as to leave in the hands of the management a reasonable amount of working capital. In the case of the existing companies provision has been made for the maintenance of proper books of accounts and the publication of further details in the balance-sheets and empowering the Registrar to apply to court for winding up of companies which, from their balance-sheets and other documents, are found to be really in insolvent condition.

The law at present does not provide for the books of accounts which must be maintained by a joint-stock company and the result is that the management maintains them as it suits its interests best. This defect is now remedied. Not only are the books of accounts to be maintained prescribed but the Auditor of the Company is required also to certify that the said books have been maintained. The certificate is required to be published along with the balance-sheet and the Auditor empowered to attend the meeting of shareholders, in his own right, to see that all the information which should be placed before them has been so placed.

It is proposed to do away with the insertion of provisions in the Articles of Association, purporting to relieve directors of liability due to their negligence, default or breach of trust, *vide* clause 86-C. The bill introduces restrictions on loans made to to them and provides that any loan made shall be disclosed in the balance-sheet, the form of which has been amended. It also prevents them from holding offices of profit under the company and requires their remuneration to be disclosed.

The managing agency system formed a difficult problem and the same provisions as have been incorporated in the Indian Act in this respect are proposed to be included here also. The natural life of a managing agency is limited to a term of twenty years and that of a managing agency appointed before the amendment has been fixed at twenty years from the date of commencement of this Regulation if it does not terminate earlier. In the case of new managing agents any provision for additional remuneration except a fixed percentage of profits, with a provision for minimum remuneration in case of inadequacy or absence of profits, would be invalid unless sanctioned by the shareholders. The granting of loans to managing agents has been restricted and other limitations upon their power and control provided for.

In the case of banking companies, it is provided that a certificate of commencement of business shall be issued only after sufficient working capital has been obtained. The maintenance of a reserve fund and a cash reserve is made compulsory. The Bill makes provision for a moratorium to save from liquidation of a banking company in temporary difficulties.

The Registrar has been invested with wider powers of control and supervision, acting on his own motion or on application of a party whose interests have been affected. He is empowered to require explanations, to make enquiries and if necessary, to institute criminal proceedings and even, in certain instances, to apply to Court for the winding up of a company.

Provisions have also been introduced preventing misuse of securities lodged with a company by its employees under their contract of service and safeguarding provident funds and their contributions.

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